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October 19, 2004

HAND DELIVERY

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RE: Joint Application of Kentucky Utilities Company, Kentucky Association for Community Action, Inc. and Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc. for the Establishment of a Home Energy Assistance Program, Case No. 2004-00303

Joint Application of Louisville Gas and Electric Company, Metro Human Needs Alliance, Inc., People Organized and Working for Energy Reform, and Kentucky Association for Community Action, Inc. for the Establishment of a Home Energy Assistance Program, Case No. 2004-00304

Dear Ms. O'Donnell:

Enclosed please find and accept for filing two originals and ten (10) copies of the Testimony of Sidney L. "Butch" Cockerill on behalf of Louisville Gas and Electric Company and Kentucky Utilities Company in the above-referenced matters. Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies and return them to me in the enclosed self-addressed stamped envelope.

Should you have any questions or need any additional information, please contact me at your convenience.

Very truly yours,

Allyson K. Sturgeon

AKS/ec
Enclosures
cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**JOINT APPLICATION OF KENTUCKY UTILITIES)
COMPANY, KENTUCKY ASSOCIATION FOR)
COMMUNITY ACTION, INC., AND COMMUNITY)
ACTION COUNCIL FOR LEXINGTON-FAYETTE,) CASE NO: 2004-00303
BOURBON, HARRISON AND NICHOLAS)
COUNTIES, INC. FOR THE ESTABLISHMENT)
OF A HOME ENERGY ASSISTANCE PROGRAM)**

In the Matter of:

**JOINT APPLICATION OF LOUISVILLE GAS)
AND ELECTRIC COMPANY, METRO HUMAN)
NEEDS ALLIANCE, INC., PEOPLE ORGANIZED)
AND WORKING FOR ENERGY REFORM, AND) CASE NO: 2004-00304
KENTUCKY ASSOCIATION FOR COMMUNITY)
ACTION, INC. FOR THE ESTABLISHMENT OF A)
HOME ENERGY ASSISTANCE PROGRAM)**

**TESTIMONY OF
SIDNEY L. "BUTCH" COCKERILL
DIRECTOR – REVENUE COLLECTIONS
LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

Filed: October 19, 2004

1 **Q. Please state your name, position and business address.**

2 A. My name is Sidney L. "Butch" Cockerill. I am employed by LG&E Energy Services,
3 Inc. as Director of Revenue Collections on behalf of Louisville Gas and Electric
4 Company ("LG&E") and Kentucky Utilities Company ("KU"). My business address is
5 220 West Main Street, Louisville, Kentucky 40202. A statement of my qualifications is
6 included in the Appendix attached hereto.

7 **Q. What is the purpose of your testimony?**

8 A. The purpose of my testimony is to identify the costs associated with potential changes to
9 the design of LG&E's and KU's Home Energy Assistance ("HEA") programs and to
10 address why it is not necessary for the programs for LG&E and KU to be identical in
11 design and implementation.

12 **Q. In Section 3.14 of the Partial Settlement Agreement, Stipulation and**
13 **Recommendation approved the Commission in its June 30, 2004 Order, the parties,**
14 **including the Attorney General, agreed that KU would be permitted recovery of its**
15 **one-time information technology implementation cost. Why didn't the parties seek**
16 **similar recovery for LG&E's implementation cost?**

17 A. When negotiating this provision of the settlement agreement, LG&E, KU, the low-
18 income advocates and the Attorney General ("AG") anticipated that LG&E would use the
19 All Seasons Assurance Plan ("ASAP") structure already in place in order to implement
20 an HEA program for the LG&E service territory. Because there had not previously been
21 a HEA program in the KU service territory, the parties recognized that KU would incur
22 additional information technology costs to develop such a program.

1 If the Commission orders that the LG&E program should be substantially
2 modified, however, LG&E will seek similar recovery of any information technology
3 implementation costs associated with such changes.

4 **Q. What is KU's current estimate of its information technology implementation cost**
5 **for the KU program as proposed?**

6 A. Based upon information to date, KU estimates its information technology implementation
7 cost for the existing program to be \$78,610.

8 If the Commission orders KU to change its proposal for the KU HEA program to
9 mirror the one proposed by LG&E, KU estimates that its information technology
10 implementation cost would be about the same and perhaps 5% lower.

11 **Q. What is LG&E's current estimate of its information technology implementation cost**
12 **for the LG&E program as proposed?**

13 A. As I noted above, LG&E would expect only minimal costs associated with implementing
14 the ASAP program. However, if the Commission orders LG&E to change its proposal
15 for an HEA program in LG&E's service territory to mirror the KU program, LG&E
16 estimates these costs to be \$15,000. Changes in any program design could delay the start
17 of the customers receiving benefits by as much as 4-6 weeks.

18 **Q. Will significant changes to the LG&E and KU HEA programs result in a significant**
19 **delay in the distribution of funds to low-income customers?**

20 A. Unfortunately, yes. During negotiations of the settlement agreement, the parties
21 anticipated implementing the new HEA programs in time to assist customers during the
22 2004-05 heating season. Following the detailed development of the two programs, it was
23 expected that funds under KU's program would be available beginning November 1 and

1 that LG&E's funds would be available for distribution in January 2005. As discussed in
2 the testimonies of Mr. Jack Burch, on behalf of CAC, and Mr. David Brown Kinloch, on
3 behalf of MHNA, significant changes in one or both of the programs may result not only
4 in increased costs to the low-income agencies and LG&E and KU, but also significant
5 timing delays to develop new software for those programs. If the Commission issues an
6 order by November 1, 2004, approving the programs as filed or with only limited
7 changes, the KU program could be implemented in December and the LG&E program
8 could begin in January 2005, as planned. However, if an order is not issued within that
9 time frame, or if significant changes are ordered to the programs, the implementation
10 dates for these programs would need to be delayed.

11 **Q. Is it necessary for the LG&E and KU programs to be identical in design and**
12 **implementation?**

13 A. No. The low-income assistance agencies in LG&E's and KU's territories have each
14 focused on the unique demands of the low-income populations in their respective areas
15 for many years. In an effort to keep administrative costs to a minimum and to implement
16 new programs as quickly as possible, the Joint Applicants and the AG agreed that the
17 new HEA programs should utilize the existing infrastructures of the participating low-
18 income assistance organizations.

19 The testimonies of Mr. Jack Burch, on behalf of CAC, and Mr. David Brown
20 Kinloch, on behalf of MHNA, describe in detail the practical reasons for the differences
21 between the two programs.

1 **Q. Is there any added benefit to allowing two separate programs for LG&E and KU to**
2 **proceed?**

3 A. Yes. By the Commission's Order of June 30, 2004, the ten-cent per residential meter per
4 month charge for each HEA program has been approved for a period of only three years.
5 Within ninety days of the conclusion of the second year of the program, comprehensive
6 program assessments will be filed to ensure that the respective programs are meeting
7 their established goals. At that time, the Commission will then determine whether the
8 HEA programs should continue beyond three years and, if so, whether any modifications
9 should be made. By implementing two unique programs, the parties will have the
10 opportunity to determine whether each or both of the programs produce the intended
11 results. If the certain elements of these programs are not shown to be effective, then
12 additional modifications may be in order.

13 **Q. Does this conclude your testimony?**

14 A. Yes, it does.

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Sidney L. "Butch" Cockerill**, being duly sworn, deposes and says he is Director of Revenue Collections for LG&E Energy Services, Inc., that he has personal knowledge of the matters set forth in the foregoing testimony and exhibits, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Sidney L. Cockerill

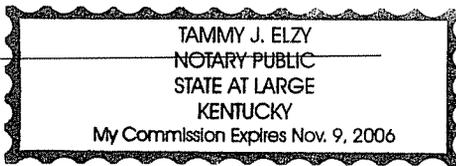
SIDNEY L. "BUTCH" COCKERILL

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 19th day of October 2004.

Tammy J. Elzy (SEAL)

Notary Public

My Commission Expires:



APPENDIX A

Sidney L. (Butch) Cockerill

With a background in product support, supervision and service management at Wayne Supply Company, Butch Cockerill joined LG&E's Transportation Department in December 1986 as senior mechanic supervisor. During the next four years at LG&E, he progressed through several senior supervisory positions leading the fleet administration group and also the gas construction and maintenance groups.

Promoted to manager of the Transportation Department in 1990, Butch managed fleet procurement, administration and maintenance of 1,000 fleet vehicles and equipment. He developed policy and procedures to ensure maximum utilization of the fleet assets and developed and implemented fleet maintenance programs to reduce annual operating and maintenance budgets and to extend the economic life of department assets. While in this position, Butch monitored all government regulations affecting department activity, including the company's commercial driver license program, and developed comprehensive compliance guidelines.

A promotion in March 1995 brought Butch to the distribution organization as service center manager. In this position, he lead 47 management and union employees in construction and maintenance activities, regulatory compliance, engineering, and the design and construction of gas main infrastructure projects. Utilizing continuous improvement practices, Butch managed capital and O&M budgets and also developed and implemented a detailed career path development program for employees. He contributed to the successful negotiation of a favorable three-year contract with the local IBEW using a mutual gains bargaining approach.

Starting in 1997 Butch broadened his knowledge of the gas business as manager of gas storage operations and was responsible for the storage, processing and delivery of natural gas throughout LG&E's service territory. Utilizing a team-based approach, he developed and implemented long-range strategic goals and practical operating plans and also strengthened the company's community image through liaison activities and community involvement. Supervision of additional management and union employees at three multi-shift locations resulted in the lowest OSHA recordable rates in the gas line of business.

In September 2000, he moved to the position as director-gas control and storage where he was charged with matching LG&E's natural gas system load demands with supply from natural gas providers. This includes the strategic direction of LG&E's gas control area, instrumentation and measurement of city gate stations, regulation of the gas system, and underground storage operations. In 2002, he acquired the additional responsibilities of electric distribution for portions of the KU service territory.

March 2003 began a new role for Butch as director-revenue collections. In this position, Butch has responsibility for all meter assets, meter reading, customer accounting which include utility billing, revenue protection, remittance processing, and revenue collections for both LG&E and KU. In addition, he has responsibility for all fleet procurement and maintenance for both companies.

Butch received a Bachelor of Science in Business Administration degree from Spalding University and has continued his corporate education by participating in senior management courses through the *Center for Creative Leadership* and the *American Management Association*. He has served on the boards of several professional organizations and is currently a member of the American Gas Association and other regional and state natural gas associations.

A supporter of community organizations promoting the arts, children's initiatives, and community development and is on the Board of Directors for the Kentucky Derby Festival. Butch and his wife Patti are the parents of two grown children.